

VZCZCXYZ0002  
OO RUEHWEB

DE RUCNDT #0828 2612314  
ZNR UUUUU ZZH  
O 172314Z SEP 08  
FM USMISSION USUN NEW YORK  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4949  
INFO RUEHGG/UN SECURITY COUNCIL COLLECTIVE IMMEDIATE  
RUEHII/VIENNA IAEA POSTS COLLECTIVE IMMEDIATE  
RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE

UNCLAS USUN NEW YORK 000828

SIPDIS

E.O. 12958: N/A  
TAGS: [PARM](#) [IR](#) [UNSC](#) [MNUC](#) [ETTC](#) [KNNP](#)  
SUBJECT: UN/IRAN SANCTIONS: COUNCIL FOCUSES ON FINANCIAL  
INSTITUTIONS

1.SUMMARY: Following a September 11 briefing on the activities of the Iran Sanctions Committee, the Security Council focused on the role of Iran's financial institutions. Ambassador Khalilzad called special attention to U.S. efforts to implement provisions of Security Council resolutions involving Iran's banks and other financial institutions, and expressed concern about Iran's deceptive financial practices. Although the United States is normally the only Council member to speak in these routine Iran briefings, all P-5 members and Italy also delivered statements. Russia asserted that the Council's call for vigilance over Iran's financial institutions (paragraph 10 of UNSCR 1803) was intended to be only a "political signal" and did not create new restrictions. France, Italy and the UK supported the U.S. position for robust implementation of measures against financial institutions and highlighted EU action to implement UNSCR 1803's call for vigilance. China asserted that sanctions alone cannot solve the Iran dispute. END SUMMARY.

2.In September 11, Belgian Perm Rep Jan Grauls briefed the Security Council on the activities of the 1737 (Iran) Sanctions Committee over the last ninety days. Grauls, the chair of the committee, explained that the committee had received reports from 56 member states about their implementation of UNSCR 1803 and had also received notifications for exemptions to the asset freeze. He mentioned that on September 10 the United States briefed the committee on U.S. efforts to implement paragraph 10 of UNSCR 1803, which calls for states to exercise vigilance over Iran's financial institutions, and noted that on August 1 France, the United Kingdom, and the United States distributed to the Council a list of banks domiciled in Iran and their branches and subsidiaries abroad.

3.Ambassador Khalilzad emphasized the need for full implementation of UNSCRs 1737, 1747 and 1803. He called special attention to the provisions of those resolutions related to Iran's financial institutions and asserted that these provisions apply to all types of financial institutions, including banks and insurance providers. He pledged to support the 1737 Committee in carrying out its mandate, explaining that the goal of the September 10 U.S. expert briefing to the committee was to help states implement the Iran-related sanctions resolutions more effectively. The ambassador also noted concern over Iran's deceptive financial practices. He restated U.S. commitment to a diplomatic resolution of the Iran situation.

4.The Russian delegate said he hoped the 1737 Committee would be guided "by the spirit and the letter" of Iran-related UNSCRs. He asserted that paragraph 10 of UNSCR 1803 was solely a "political signal" to Iran and did not create any new restrictions on financial institutions. The Russian representative also claimed that states have the right to determine themselves how to exercise the vigilance called for in paragraph 10.

5.The French delegate emphasized the obligation states have under the three Iran sanctions resolutions to implement measures regarding financial institutions and thanked the U.S. mission for briefing on its efforts to do so. He criticized Iran's refusal to cooperate fully with the IAEA or to negotiate in good faith after Iran was offered a generous package of incentives at the Geneva meeting last July in the presence of the U.S. political director. The Italian delegate spoke about recent EU action to implement 1803 and noted Italy's national efforts to combat the financing of proliferation and inform its financial sector about the risks of doing business with Iran's banks. The UK delegate noted the importance of sharing information in order to help countries make informed decisions about how to implement the Iran-related UNSCRs, especially in light of Iran's steps to evade sanctions. He expressed the UK's "profound concerns" that Iran's continues to flout the Security Council's demands, saying that there was no choice but to begin discussions with partners on additional measures, as envisioned in UNSCR 1803.

6.The Chinese delegate noted the importance of full implementation of UNSCRs 1737, 1747 and 1803. He emphasized that sanctions alone cannot solve the issue and called for all parties concerned to demonstrate flexibility in negotiations.  
Khalilzad